

**REMARKS**

Applicant respectfully requests reconsideration of the application.

Applicant respectfully traverses the rejections. Regarding claim 33, it is supported in the specification and the claim language is definite to one of ordinary skill. Regarding the Section 103 rejections, Applicant maintains the position that the combined teachings of the applied references do not teach all of the elements of the claims and the combination of the references is improper for the reasons stated previously. Applicant understands that a Section 103 rejection cannot be overcome by attacking individual references in isolation and that is why the last response identified claim elements missing and not taught or suggested from the combined teachings taken together, not just individual references. Nevertheless, the rejections are moot in view of the claim amendments above.

Claims 10, 18 and 32 were indicated as allowable. Claim 1 is amended to incorporate elements of allowable claim 10, modified according to allowable claim 32. Claim 30 is amended to incorporate elements from allowable claim 32. Claim 11 is modified with elements based on elements from allowable claim 32. Claim 17 is amended to incorporate the elements of allowable claim 18. Thus, all of the claims are now in condition for allowance.

Applicant reserves the right to pursue the cancelled claims in a related application.

Date: April 30, 2007

**Customer Number 23735**


Telephone: 503-469-4800

FAX: 503-469-4777

Respectfully submitted,

DIGIMARC CORPORATION

By

  
Joel R. Meyer  
Registration No. 37,677